

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB DEPRATU**, on April 9, 2001 at 12:30 P.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Bob DePratu, Chairman (R)
Sen. Alvin Ellis Jr., Vice Chairman (R)
Sen. John C. Bohlinger (R)
Sen. Mack Cole (R)
Sen. Pete Ekegren (R)
Sen. Jon Ellingson (D)
Sen. Bill Glaser (R)
Sen. Dan Harrington (D)
Sen. Emily Stonington (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Branch
Deb Thompson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: None
Executive Action: HOUSE BILL 121

EXECUTIVE ACTION ON HOUSE BILL 121

SENATOR GLASER MOVED THE BILL AND THE AMENDMENT.

EXHIBIT (tas80b01) He explained the amendment which would allow for even distribution to schools. **EXHIBIT (tas80b02)**

EXHIBIT (tas80b03) This would put a total of \$31 million dollars into schools in the next two years.

SENATOR ELLINGSON MADE A SUBSTITUTE MOTION. He MOVED amendment #12120.aem. **EXHIBIT (tas80b04)** The amendment would put 2.3% into the schedule the first years. It would be 4.5% into the schedules the next year for a total of \$42 million dollars of increase. This amendment reflects the minimal of what education should get in this biennium. This would add \$11 million dollars to the \$31 million dollar figure. He said he heard from the school districts in Missoula and other school districts across the state who need this. He encouraged the committee to consider this substitute amendment.

SENATOR GLASER felt if this substitute proposal was considered it would lose momentum and the entire process would fail. He pointed out this was towards the end of Session and schools needed to know what they were going to get so they could plan.

{Tape : 1; Side : A; Approx. Time Counter : 0 - 13.8}

SENATOR ELLIS said he would not support the substitute amendment. He pointed out this was a good deal more than **Governor Racicot** tried to reach and he had treated K-12 the best.

SENATOR BOHLINGER discussed school closures in the Billings area. He asked what happened to property values when schools closed as they had already declined by 20%. ***{Tape : 1; Side : A; Approx. Time Counter : 13.8 - 15.8}***

SENATOR ELLIS said we were addressing the educational needs of our school children, not to maintain property values. GTV would backfill in that situation in Billings, if they did lower the per student valuation. The Legislature could only attempt to solve the funding problem. There were a multitude of problems that had to be dealt with by the school systems in Montana and local boards and local people ought to make some of those decisions.

SENATOR GLASER said if we put \$25.6 million dollars into the schedules and also increase the local voted levy, if schools are able to take full use of that, it is no longer \$25.6 million dollars but rather \$38.4 million dollars. The flex plan is trying to address the \$5.4 million dollars with the local vote then becomes \$6.5 million making a total of \$45 million dollars in new dollars available with a vote or with permissive levies to schools. He said there was some consideration for removing a section of the law which refers to maximum funding which is 94%. If this 94% were removed, it would make a huge difference to schools. People in the education community could tell you that. We are talking about a transition assistance fund for schools that are either putting in new buildings or replacing a building, consolidating buildings or consolidating school districts. That assistance fund would be with a vote and it would be \$100 per

year per student for years. There is a need to fix election laws for schools. These things will make a big difference in how schools are run for the long term. He doubted there would be \$42 million dollars in cash money available. He resisted **SENATOR ELLINGSON'S** amendment. *{Tape : 1; Side : A; Approx. Time Counter : 15.8 - 21.7}*

SENATOR ELLINGSON described the need to be fiscally responsible. He pointed out differences in the numbers. He noted the committee had made conservative decisions on HJR 2, did not add extra into the projections and did not add \$17 million dollars into the ending fund balance. He said it was important to do the best for the schools in this difficult time. *{Tape : 1; Side : A; Approx. Time Counter : 21.7 - 24.2}*

The question was called on the **ELLINGSON** amendment. The motion **FAILED** 3-5 on a roll call vote.

SENATOR GLASER said he believed SB 495 would pass. The flex money would be put in the second half of the biennium. The money should be placed where it is needed the most. The absolute minimum is \$20.5 million dollars just to cover the basic costs of staff.

SENATOR ELLIS pointed out the **Jim Standaert** sheet that was handed out with the three contingencies. He asked what the amendment would do in relation to the contingencies. **SENATOR GLASER** replied the basic bill, if everything went well in the next two years, would put \$25.6 million dollars in the schedules. He described other potential outcomes. **Eddy McClure** explained the handout. *{Tape : 1; Side : A; Approx. Time Counter : 24.2 - 30}*

SENATOR STONINGTON asked how much tax revenue was contained in the bill. **SENATOR GLASER** replied the bill originally had included the tobacco tax money, which was no longer considered. He explained HB 2 had the funding. This bill was simply the schedule bill. This bill clarified if the money went away for some reason, the schedule is reduced and the flex money moves into the schedule. The schedules are where the money is distributed. HB 2 is where the money comes in.

SENATOR ELLIS explained that current law had a certain amount in basic entitlement and a certain amount in A&B entitlement. This bill struck current law for each year of the biennium and put in another figure. **SENATOR GLASER'S** amendments strike the other figure and supplement with still another figure and would do it in two instances depending on other contingencies. The charts address these scenarios, where the basic entitlements are addressed in the top line for high school and elementary and the

bottom line for A&B money per student. **{Tape : 1; Side : B;
Approx. Time Counter : 0 - 11.5}**

SENATOR STONINGTON asked what SB 390 did. **SENATOR GLASER** replied SB 390 was a bill from the Office of Public Instruction. It had a broad title and was currently in a conference committee. That committee was considering how to relieve the straight jacket around schools so schools would have more flexibility on how they fund schools. Some of these concepts are very inviting to school administrators because of what it does across the state. He pointed out too big of step may end up as a loss rather than a gain. Passing this bill is a statement which represents a benchmark. All of this revenue is in HB 2. **{Tape : 1; Side : B;
Approx. Time Counter : 11.5 - 14}**

SENATOR ELLIS said the support for education has always been important to Montana. He described past years that had seen an increase in support for schools. He noted the problem schools were having now was declining enrollments.

The question was called on the amendment. The amendment was **ADOPTED** 5-3 on a roll call vote with **SENATOR COLE** being absent.

SENATOR GLASER MOVED THE BILL AS AMENDED. He pointed out that schools were all different in this state. We could do more to help kids at this time in this Session by allowing for these differences. It is important to get rid of these shackles that we have put on the school funding system that are not related to education. Those changes would last longer than the money that is put in the system.

SENATOR ELLINGSON said he voted no on the amendment but would vote yes on the bill to keep it going in the process, as a school funding mechanism was needed. He hoped more money could be found to fund schools.

The question was called. The motion **PASSED** 8-0.

ADJOURNMENT

Adjournment: 1:10 P.M.

SEN. BOB DEPRATU, Chairman

DEB THOMPSON, Secretary

BD/DT

EXHIBIT (tas80bad)